



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

September 19, 2003

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

OCTOBER 7, 2003 STATEWIDE SPECIAL ELECTION BALLOT MEASURES

This is to provide you with information about the two statewide propositions on the October 7, 2003 special election ballot. The Board has not taken a position on Proposition 53, and has an oppose position on Proposition 54. A brief summary of each proposition and comments from affected County departments is attached.

- Proposition 53: Funds Dedicated for State and Local Infrastructure. Legislative Constitutional Amendment. – **No Position**
- Proposition 54: Classification by Race, Ethnicity, Color, or National Origin. Initiative Constitutional Amendment. – **Oppose**

If the special election is delayed by a court decision, these measures will be placed on the March 2, 2004 Primary Election ballot. No County or other local jurisdiction initiatives have qualified for the October 7, 2003 ballot.

Please let me know if you need additional information, or your staff may contact Max Schmidl at (213) 893-2164.

DEJ:GK
MAL:MS:ib

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Affected Departments
Legislative Strategist

100703 ballotprop_mem

PROPOSITION 53: FUNDS DEDICATED FOR STATE AND LOCAL INFRASTRUCTURE. Legislative Constitutional Amendment. – COUNTY POSITION: NONE

Proposition 53 would establish the California Twenty-First Century Infrastructure Investment Fund (Infrastructure Fund) and dedicate a percentage of the General Fund to “pay-as-you-go” infrastructure projects. Proceeds would be shared equally between State and local government infrastructure projects and the Legislature would allocate these funds annually for capital outlay and determine the method of allocation to local governments.

Beginning in FY 2006-07, Proposition 53 would transfer 1 percent of the General Fund to the Infrastructure Fund. It would increase the amount of the transfer annually by 0.3 percent until reaching a maximum of 3 percent. The initial transfer and subsequent incremental increases would only take place if General Fund revenues grow by at least 4 percent (after adjusting for inflation) compared to the previous year. The transfer rate would remain the same if the revenue growth target was not met in a subsequent year. However, if revenues increased by 8 percent or more (after adjusting for inflation) in any year, transfers to the fund would be accelerated by one year.

In addition, Proposition 53 includes two special adjustments which could limit the amount of a scheduled transfer. The transfer amount would be reduced in any year in which the growth in the Proposition 98 guarantee exceeded growth in General Fund revenues. The formula for this reduction would consider the relationship between the growth in the Proposition 98 allocation from the prior year to the current fiscal year and the percentage growth in General Fund revenues from the prior year to the current fiscal year. Any transfer also would be capped at the difference between 7.5 percent of estimated General Fund revenue, and the percentage of General Fund revenue devoted to prior-year debt payments on the general obligation bonds of the State and lease-revenue bonds issued by the State Public Works Board.

The Legislative Analyst’s Office (LAO) indicates that the dedication of General Fund resources for infrastructure projects would result in a reduction in resources for other purposes. However, because future transfers to the Infrastructure Fund would depend upon a variety of fiscal and economic variables, it is difficult to estimate the amount and timing of future transfers. If transfers increased by 0.3 percent annually as scheduled until reaching the 3 percent cap in FY 2013-14, they would start at about \$850 million in FY 2006-07 and grow to several billions of dollars. However, because annual transfers are contingent on unpredictable conditions, the LAO believes the fund would not reach the scheduled 3 percent cap until FY 2020-21. Nevertheless, transfers would occur in most years.

Proponents of Proposition 53 contend that it will provide a stable, growing source of funds for State and local infrastructure projects without a tax increase. The LAO reports that State infrastructure needs have been estimated at \$54 billion over the next five years. Opponents argue that the transfer of up to 3 percent of the General Fund would

reduce the State's already limited ability to set budget priorities and that the earmarking of funds for infrastructure projects would threaten funding for other critical services such as health care, education, and public safety.

The Department of Public Works indicates that Proposition 53 would provide a steady, predictable revenue source for State and local agencies to meet critical infrastructure needs without resorting to borrowing which would increase State and local government indebtedness. Though the allocation formula would be determined by the Legislature, Proposition 53 could provide over \$100 million annually to the County for infrastructure projects when fully funded at the 3 percent level. While the County has generally been supportive of State funding for local infrastructure projects, the dedication of up to 3 percent of State General Fund resources to infrastructure could limit the availability of funding for other State funded services provided by the County. **Therefore, a position on Proposition 53 is a matter for Board determination.**

Proposition 53 is supported by the Association of California Water Agencies, California Chamber of Commerce, California State Association of Counties, Howard Jarvis Taxpayers Association, League of California Cities, and the Los Angeles Area Chamber of Commerce. It is opposed by the Congress of California Seniors, the California Tax Reform Association, the Service Employees International Union and the League of Women Voters of California.

The County did not take a position on ACA 11 (Richman) which placed Proposition 53 on the ballot. It was approved by the Legislature as part of the FY 2002-03 budget compromise.

PROPOSITION 54: CLASSIFICATION BY RACE, ETHNICITY, COLOR, OR NATIONAL ORIGIN. Initiative Constitutional Amendment. – COUNTY POSITION: OPPOSE

Proposition 54 would prohibit the State and other public entities from collecting and classifying information on an individual's race, ethnicity, color or national origin for purposes of public education, public contracting or public employment. It would also prohibit classification for any other State purpose unless it is determined that the classification serves a compelling State interest through approval by a 2/3 vote of each house of the Legislature and by the Governor.

Proposition 54 exempts the collection of race-related data needed to comply with Federal law, to remain eligible for Federal funding, to comply with an existing court order, or to allow law enforcement agencies to describe a person's physical characteristics. Collection and use of information regarding medical research subjects and patients is also exempt. The Department of Fair Employment and Housing would be allowed to continue classification by race for ten years, unless extended by the Legislature. If approved by the voters, the measure would become effective on January 1, 2005.

The LAO indicates that much of the race-related information collected by State and local government agencies would continue to be collected because it is currently required by the Federal government. For example, race-related information on job applicants and employees would be collected by government agencies to meet Federal equal employment opportunity requirements. However, it is unclear whether State and local agencies could continue to sort and analyze such information – including Census data – for other evaluation, program and reporting purposes, such as analyzing crime trends by race or the effectiveness of programs in geographic areas. As a result, implementation could largely depend upon future court interpretation and Legislative actions.

The Department of Health Services is concerned about the potential effect of the initiative on public health because of possible limitations on their ability to detect health trends in ethnic communities and to make recommendations based upon these trends. Proposition 54 could severely reduce the accuracy and specificity of health status, behavior, and health care utilization data which is necessary for identifying health disparities, pinpointing specific health problems and providing accurate information for public health and health services planning.

The Department of Public Social Services indicates that it routinely collects information on the ethnicity, race and primary language of applicants and recipients. This information is sorted by program (e.g. CalWORKs, food stamps) and by geographical units (e.g. political districts, cities, zip codes). This measure could prohibit the Department from continuing to collect and use data on ethnicity and race to help understand the effectiveness of programs for various categories of recipients and to tailor programs to particular geographical areas.

The Office of Affirmative Action Compliance strongly opposes this initiative because it would eliminate the ability of the County to collect information on the race or ethnicity of all County employees and applicants for employment. This information is necessary to determine where minorities are underrepresented in the workforce and if they are adversely affected by employment decisions. The initiative would make it impossible for the County to defend against race-related employment discrimination charges by using race-based data to document that it does not discriminate. Moreover, the initiative would prohibit the County from collecting data on minority-owned businesses, making it impossible to assess progress toward increasing the participation rates of minorities in contracts awarded by the County.

The Sheriff also strongly opposes Proposition 54.

The Los Angeles County Commission on Human Relations indicates that Proposition 54 would prohibit the Commission's collection and analysis of annual hate crime data for Los Angeles County, making it impossible to track hate groups and focus resources on inter-racial and inter-group tensions. It would also make it impossible to investigate and to prove discrimination and to determine objectively if racial profiling is taking place.

Proposition 54 is sponsored by Ward Connerly, Chairman of the American Civil Rights Coalition. It is supported by the California Congress of Republicans, the Sacramento Chapter of California Federated Republican Women, the Libertarian Party of California, Log Cabin Republicans, and many individuals. Proposition 54 is opposed by the California State Association of Counties, California Medical Association, American Heart Association, California Healthcare Association, the ACLU of Southern California, the Anti-Defamation League, the California Teachers Association, and many other organizations and individuals.

The Board voted to oppose Proposition 54 on July 29, 2003.